

# Exhibit D

# VOYAGER

## **VOYAGER DIGITAL LTD.**

(formerly VOYAGER DIGITAL (CANADA) LTD.)

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE AND SIX MONTHS  
ENDED DECEMBER 31, 2020**

**DATED: March 1, 2021**

## Introduction

The following Management's Discussion & Analysis ("MD&A") of the financial condition and results of the operations of Voyager Digital Ltd. (formerly Voyager Digital (Canada) Ltd.) (the "Company" or "Voyager") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and six months ended December 31, 2020.

This MD&A has been prepared in compliance with the requirements of Form 51-102F1, in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations*. This MD&A should be read in conjunction with the unaudited interim consolidated financial statements for the three and six months ended December 31, 2020 and the audited annual consolidated financial statements of the Company for the fiscal years ended June 30, 2020, and June 30, 2019, together with the notes thereto. Results are reported in United States dollars unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three and six months ended December 31, 2020, are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as of March 1, 2021, unless otherwise indicated.

The consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. This MD&A contains forward-looking statements that involve risks, uncertainties and assumptions, including statements regarding anticipated developments in future financial periods and our future plans and objectives. There can be no assurance that such information will prove to be accurate, and readers are cautioned not to place undue reliance on such forward-looking statements. See "Caution Regarding Forward-Looking Statements".

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Voyager's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

## Caution Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans," "expects," "is expected," "budget," "scheduled," "estimates," "continues," "forecasts," "projects," "predicts," "intends," "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may," "could," "would," "should," "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. These forward-looking statements may include, but are not limited to, statements relating to:

- Our expectations regarding our revenue, expenses, operations and future operational and financial performance;
- Our cash flows;
- Popularity of cryptocurrencies;

- Our plans for and timing of geographic expansion or new offerings;
- Our future growth plans;
- Our ability to stay in compliance with laws and regulations that currently apply or become applicable to our business both in the United States and internationally;
- Trends in operating expenses, including technology and development expenses, sales and marketing expenses, and general and administrative expenses, and expectations regarding these expenses as a percentage of revenue;
- The reliability, stability, performance and scalability of our infrastructure and technology;
- Our ability to attract new customers and maintain or develop existing customers;
- Our ability to attract and retain personnel;
- Our expectations with respect to advancement in our technologies;
- Our competitive position and our expectations regarding competition;
- Regulatory developments and the regulatory environments in which we operate; and
- Expected impact of COVID-19 on the Company's future operations and performance.

Forward-looking statements are based on certain assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments and other factors we believe are appropriate. Forward-looking statements are also subject to risks and uncertainties which include:

- Decline in the cryptocurrency market or general economic conditions;
- Risks related to managing our growth;
- Our dependence on customer growth, including new customers and growth in the number and value of transactions and deposits;
- Our operating results have and will significantly fluctuate due to the highly volatile nature of crypto;
- A majority of our net revenue is derived from transactions in Bitcoin and Ethereum. If demand for these crypto assets declines and is not replaced by new crypto asset demand, our business, operating results, and financial condition could be adversely affected;
- The future development and growth of crypto is subject to a variety of factors that are difficult to predict and evaluate. If crypto does not grow as we expect, our business, operating results, and financial condition could be adversely affected;
- We are subject to an extensive and highly-evolving regulatory landscape and any adverse changes to, or our failure to comply with, any laws and regulations could adversely affect our brand, reputation, business, operating results, and financial condition;
- A particular crypto asset's status as a "security" in any relevant jurisdiction is subject to a high degree of uncertainty and if we are unable to properly characterize a crypto asset, we may be subject to regulatory scrutiny, investigations, fines, and other penalties, and our business, operating results, and financial condition may be adversely affected;
- Loss of a critical banking or insurance relationship could adversely impact our business, operating results, and financial condition;
- Any significant disruption in our products and services, in our information technology systems, or in any of the blockchain networks we support, could result in a loss of customers or funds and adversely impact our brand and reputation and business, operating results, and financial condition;
- Regulatory risk, including changes in laws or the interpretation or application thereof and the obtaining of regulatory approvals;
- Counterparty risk and Credit risk;
- Lending risks;
- Technology and infrastructure risks, including their ability to meet surges in demand;
- Cybersecurity risks;
- Fluctuations in quarterly operating results;
- Risks related to the security of customer information;
- Competition in our industry and markets;
- Our reliance on key personnel;

- Our reliance on third party service providers;
- Exchange rate fluctuations;
- Risks related to expanding our marketing and sales;
- Risks related to our ability to adapt to rapid technological change;
- Risks related to terrorism, geopolitical crisis, or widespread outbreak of an illness or other health issue;
- Risks associated with acquisitions and the integration of the acquired businesses; and
- Risks related to international expansion.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Voyager's ability to predict or control. Readers are cautioned that the above does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Readers should refer to those risk factors referenced in the "Risks and Uncertainties" section below.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Voyager's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this document may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. Readers are cautioned that past performance is not indicative of future performance and current trends in the business and demand for digital assets may not continue and readers should not put undue reliance on past performance and current trends. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## **Description of Business**

The Company operates in a regulated environment, and through its Voyager Platform (the "Platform") offers investors, developers and platform providers a fully functional suite of APIs and mobile apps to allow anyone who is legally able to do so the ability to trade, invest, earn and secure digital assets across multiple types of digital assets.

The Company wholly owns HTC Trading, Inc (HTC), a Cayman Island company and Voyager Digital Holdings, Inc. (VDH), a Delaware corporation, which in turn wholly owns each of Voyager Digital, LLC. (VDL), a Delaware limited liability corporation, Voyager IP, LLC (VIP), a Delaware limited liability corporation and VYGR Digital Securities, LLC, a California limited liability corporation. The Company also wholly owns Voyager Digital Brokerage Ltd. and Voyager Digital Brokerage Canada Ltd., both companies having been incorporated under the laws of Canada. The Company also owns LGO SAS and LGO Europe SAS, both companies are incorporated under the laws of France.

The registered office of the Company is Suite 2900 – 595 Burrard Street, Vancouver, BC, V7X 1J5, Canada; and its head office is 33 Irving Place, 3rd Floor, New York, New York 10003.

The Company has two unique distribution models, direct to consumer and business-to-business driven by corporate partners which allow Voyager to reach millions of customers at very low customer acquisition costs.

VDL acts as a “crypto broker,” being a digital agent broker that facilitates users buying and selling of cryptocurrencies delivering deep pools of liquidity. It also offers a single access point to research, manage, trade, and secure cryptocurrencies for novice and sophisticated investors. Some of the services offered by VDL include:

- users can open an account in three minutes or less. VDL utilizes third party service providers for know-your-client and anti-money-laundering checks to ensure fast and secure account openings;
- users are able to trade between fiat and cryptocurrency on a wide variety of core and alternative cryptocurrencies;
- execution of trade orders across a spectrum of exchanges to give Voyager the deepest pool of liquidity;
- minimizing transaction costs by aggregating orders and routing the order flow through the optimal mix of exchanges, by utilizing VDL’s patented smart router technology;
- providing users with data in order for them to manage and track their crypto investments, including delivering news, social feeds and real-time alerts to keep users connected to the market, and providing portfolio tools to track performance, balances and transactions; and
- storing crypto assets in a secure wallet and in a “cold” facility, with 24/7 security. (fiat currency is stored at custodial banks).

VDL has registered as a Money Services Business (MSB) pursuant to the *Bank Secrecy Act* regulations as administered by the Financial Crimes Enforcement Network (FinCEN). VDL entered in the Account Services Agreement with Metropolitan Commercial Bank (the “Bank”), whereby the Bank provides deposit and payment systems for VDL’s customers using a custodial “for the benefit of” account. The Bank is (i) a New York registered bank, overseen by the New York State Department of Financial Services and is (ii) listed on the New York Stock Exchange (symbol: MCB).

On December 10, 2020, the Company acquired the issued and outstanding share capital of LGO SAS, an AMF regulated entity based in France, and LGO Europe SAS, in exchange for 200,000 shares of the Company’s common stock, to be issued upon demand and subject to the terms of the escrow agreement. In addition, the sellers are entitled to 1,000,000 shares of the Company’s common stock after one-year, contingent upon the AMF’s approval of the license application.

Voyager’s common shares are currently listed for trading on the Canadian Securities Exchange (“CSE”) under the symbol “VYGR”. It was previously listed on the TSX Venture Exchange, but moved to the CSE on September 23, 2019. The Company’s common shares are also traded on the OTCQB under the symbol “VYGVF” and on the Borse in Frankfurt under the symbol “UCD2”.

## Quarterly Highlights and Results

	December 31, 2020		June 30, 2020	
Cash and Cash Equivalents	\$	2,987,003	\$	3,628,861
Cash held for customers		8,396,732		1,581,132
Current Assets		275,107,609		37,853,282
Current Liabilities		274,541,247		37,604,941
Working Capital		566,362		248,341
Shareholder's Equity		693,065		550,962

  

	3 months ended		6 months ended	
	12/31/20	12/31/19	12/31/20	12/31/19
<b>Revenue</b>				
Fees	\$ 2,056,305	\$ 88,146	\$ 3,681,817	\$ 160,376
Interest Revenue	1,512,993	-	1,888,218	-
<b>Total Revenue</b>	<b>\$ 3,569,298</b>	<b>\$ 88,146</b>	<b>\$ 5,570,035</b>	<b>\$ 160,376</b>
<b>Operating Expenses</b>				
G&A	5,503,539	2,170,494	9,742,281	3,687,502
Product Development	805,770	569,898	1,232,287	1,676,959
<b>Total Operating Expenses</b>	<b>(6,309,309)</b>	<b>(2,740,392)</b>	<b>(10,974,568)</b>	<b>(5,364,461)</b>
<b>Total Other Income/ (Loss)</b>	<b>(6,256,547)</b>	<b>1,672,116</b>	<b>(7,566,924)</b>	<b>1,705,674</b>
<b>Net and comprehensive loss</b>	<b>\$ (8,996,558)</b>	<b>\$ (980,130)</b>	<b>\$ (12,971,457)</b>	<b>\$ (3,498,411)</b>

Total Other Income / (Loss) includes: (a) \$5.2 million and \$5.5 million of gains on digital asset exchange for the three and six months ended December 31, 2020, respectively and \$0.2 million and \$0.1 million of losses of digital asset exchange for the three and six months ended December 31, 2019; (b) \$10.6 million for change in fair value of investment for both the three and six months ended December 31, 2020; (c) (\$6.2) million for change in fair value of digital currency loan payable for both the three and six months ended December 31, 2020; and (d) (\$15.6 million) and (\$17.1 million) for change in fair value of warrant liability for the three and six months ended December 31, 2020, respectively and (\$0.2) million for both the three and six months ended December 31, 2020.

## Outlook and Overall Performance

**Revenue.** Total revenue for the three months ended December 31, 2020, was \$3,569,298, an increase of \$3,481,152 compared to the same period in 2019. The increase was due to a \$1,968,159 increase in Fees and \$1,512,993 increase in interest revenue. Total revenue for the six months ended December 31, 2020 was \$5,570,035, an increase of \$5,409,659. The increase was due to a \$3,521,441 increase in Fees and \$1,888,218 increase in interest revenue.

### Fee Revenue

Fee revenue for the three and six months ended December 31, 2020 was \$2,056,305 and \$3,681,817, an increase of \$1,968,159 and \$3,521,441 compared to the same periods in 2019. The increase in the three months ended December 31, 2020 compared to the three months ended December 31, 2019 was primarily due to an increase of \$326 million in trade volumes, and an average spread of 60.5 bps. The increase in



the six months ended December 31, 2020 compared to the six months ended December 31, 2019 was primarily due to an increase of \$521 million in trade volumes, and an average spread of 66.3 bps.

*Interest income from custodians*

Interest revenue from custodians for the three and six months ended December 31, 2020 was \$1,512,993 and \$1,888,218. The Company did not offer this product in the prior period.

**Operating expenses.** Total operating expenses for the three months and six months ended December 31, 2020, were \$6,309,309 and \$10,974,568, an increase of \$3,568,917 and \$5,610,107, respectively. The increase in the three months ended December 31, 2020 compared to the three months ended December 31, 2019 was due to an increase in \$3,333,045 general and administrative expenses and \$235,872 in product development. The increase in the six months ended December 31, 2020 compared to the six months ended December 31, 2019 was due to a \$6,054,779 increase in general and administrative expenses offset by a \$444,672 decrease in product development.

*General and administrative expenses*

General and administrative expenses increased by 154% and 164% for the three and six months ended December 31, 2020 to \$5,503,539 and \$9,742,281, respectively. This increase is primarily due to increased headcount and underlying infrastructure as well as increased marketing costs and interest paid to customers.

*Product and development expenses*

Product and development expenses increased by 41% and decreased by 27% for the three and six months ended December 31, 2020 to \$805,770 and \$1,232,287, respectively. The increase for the three months ended December 31, 2020 is due to increase in development headcount while the decrease for the six months ended December 31, 2020 is attributed to the increase in headcount offset by a reduction in required other development costs following the successful launch of the platform including the wallet, bedrock and technology acquired from Ethos.

At December 31, 2020, the Company had cash and cash equivalents, including cash held for customers, of \$11,383,735, an increase from \$5,209,993 at June 30, 2020. The \$6,173,742 increase was primarily due to approximately \$6 million in negative operating cash offset by \$9.5 million from the issuance of special warrants from the September 2020 and December 2020 private placements and \$1.8 million from proceeds from the exercise of warrants. In addition to cash on hand, the Company has invested approximately \$7.5 million of USDC deposits included in "Digital currencies and fiat" on the statement of financial position as of December 31, 2020. Furthermore, the Company closed on a \$46.0 million private placement in January 2021 and a \$100.0 million private placement in February 2021 (see discussion in "Subsequent Events").

The Company has sufficient capital to meet its ongoing operating expenses and continue to meet its obligations on its current project for the 12-month period ending December 31, 2021. Management may increase or decrease budgeted expenditures depending on results and ongoing volatility in the crypto market.

Over the next few years, the Company plans on pursuing the below products in order to expand the Company's market opportunity:

- Debit Cards
- Credit Cards
- Desktop (in Beta)
- Loan Programs
- Asset Management and Basket Trading



- Crypto to Stock Trading
- Insurance and Wealth Creation Products

Voyager is focused on the delivery of wealth creation products using digital assets and the blockchain to allow customers to establish and control their own financial freedom.

## **Significant Milestones since September 30, 2020**

Since September 30, 2020, the Company has been very active in adding customer facing products, raising capital to enhance the liquidity of the Company, making strategic acquisitions to scale the Company, adding additional products to improve the exposure of the Company and building the management team to position the Company for expansion.

### **Acquisitions**

In December 2020, the Company acquired the issued and outstanding share capital of LGO SAS, an AMF regulated entity based in France, and LGO Europe SAS, in exchange for 200,000 shares of the Company's common stock, to be issued upon demand and subject to the terms of an escrow agreement (the "LGO Acquisition"). In addition, the sellers are entitled to 1,000,000 shares of the Company's common stock after one-year, contingent upon the AMF's approval of the change of control, (the "Earn-out Shares").

### **Exchange Listings**

The Company is listed on the Canadian Securities Exchange, on the Borse in Frankfurt, and also on the OTCQB market. The Company continuously reviews its exchange listings to evaluate what markets can bring additional exposure to the business. The Company is preparing itself for potential uplistings as its business continues to grow.

### **Capital Raising**

Through the date of this MD&A the Company was able to raise significant capital. Most of the capital raises were completed through non-brokered private placements with warrants attached. In December 2020, the Company completed a brokered private placement offering for the issuance of special warrants at a price of CDN\$1.50 per special warrant, for aggregate gross proceeds of approximately \$8.2 million. Each special warrant, subject to adjustment in accordance with the terms of the special warrants, is convertible into one unit of the Company without payment of any additional consideration upon certain conditions being met. Each unit will consist of one common share of the Company and one-half common share purchase warrant, with each common share warrant being exercisable to acquire one common share of the Company at an exercise price of CDN\$2.50 per share for a term of two years.

### **Subsequent events**

In January 2021, the Company closed on a private placement offering of 8,363,637 shares of common stock for gross proceeds of approximately \$46.0 million. In exchange for their services, the agent for the offering received a 7% cash commission and compensation warrants entitled it to purchase 585,455 shares of common stock, at a price of \$5.50 per share for a period of 18 months following the closing of the offering.

In February 2021, the Company closed on a private placement offering of 7,633,588 shares of common stock for gross proceeds of approximately \$100.0 million. In exchange for their services, the agent for the offering received a 7% cash commission.

### **API Partners**

Voyager has entered into multiple relationships with partners who write their trading systems to the Voyager APIs. The largest of these relationships are Market Rebellion, LLC, which has over 10,000 users, and Sterling Trading Technologies, which also has over 10,000 global users. Another significant API partner, RoundlyX helps drive significant customers to the Platform although they have fewer assets per account than the other two partners.

### **Interest Program**

In November 2019, the Company brought to market its interest program for consumers. Customers were able to trade Bitcoin and earn interest at the same time, becoming in effect an interest-bearing checking account. As of March 1, 2021, the Company offered interest on 24 coins with more being planned for the future.

### **Presenting at Various Conferences**

The Company attended and presented at various conferences, including the Benzinga Small-cap Conference, Singular Research's Best of the Uncovered 2020 Webinar, and the LD Micro Main Event in December 2020. The Company also presented at the SNN Network Canada Virtual Conference and the Noble Capital Markets Seventeenth Annual Small & Microcap Investor Conference in January. In February, the Company Presented at Adelaide Capital's Crypto Day, the A.G.P. Emerging Growth Technology Conference, KBW's Virtual Panel, The Rise of Retail Crypto Investing and Trading, the Diamond Equity Emerging Growth Invitational, and the Singular Research Alpha Leaders Conference. The Company is scheduled to present in March at LD Micro's Zooming with LD event, the Sidoti Spring 2021 Virtual Conference, and Lytham Partners Spring 2021 Investor Conference.

### **Listing of Stablecoins and additional Defi Coins**

As part of Voyager's product expansion, the Company now lists over 50 coins, including three Stablecoins and 10 Decentralized Finance Coins. The Company anticipates adding more coins in the near future to continually grow out its product offering.

### **Management Team Expansion**

As Voyager continues to grow, the Company continues to add industry leading executives to the day-to-day management team. As of the date of this filing, the management team now includes:

Stephen Ehrlich, Chief Executive Officer  
Gerard Hanshe, Chief Operating Officer  
Evan Psaropoulos, Chief Financial Officer  
Janice Barrilleaux, Chief Administrative Officer  
Brandi Reynolds, Chief Compliance Officer  
Michael Legg, Chief Communications Officer  
Lewis Bateman, Chief International Officer  
Dan Costantino, Chief Information Security Officer  
David Brosgol, General Counsel

### **Global Expansion**

The Company announced that it is working with regulators in both Canada and France to bring the Voyager products to the Canadian and European marketplaces. In July 2020, the Company announced its proposed expansion into Canada, and in December 2020, closed on the acquisition of LGO, SAS, a French regulated crypto broker. Any expansion is subject to the Company obtaining all regulatory approvals.

### **Marketing**

In November 2020, Voyager hired Natalie Jaeger as the Head of Digital Marketing. The Company began a more aggressive marketing strategy which included digital advertising, increased social marketing, and

increased influencer marketing using crypto centric influencers and professional athletes. The Company will continue to expand its marketing channels in 2021.

## **FUTURE MILESTONES**

The Company expects to accomplish the following in the next 12 months:

- add additional exchanges to which VDL is a member, so as to expand the depth of liquidity;
- expand the business into the European and Canadian marketplaces;
- increase the number of businesses using the Voyager Institutional, thereby increasing the number of customers using the Platform;
- continue to develop, refine and expand the functionality of the Platform, including but not limited to bank accounts, basket trades, debit cards, margin trading and shorting transactions;
- engage in strategic acquisitions and ventures whereby the Company increases its customer base, products and addressable market; and
- obtain New York State Bit License.

## **Trends**

In the cryptocurrency industry, there exist multiple exchanges offering online trading and wallets and multiple online/mobile players providing components of the cryptocurrency ecosystem. The largest US exchanges are Coinbase, Kraken, Gemini and Binance (US). Their models offer platforms that only send trades singularly to their wholly owned exchange with little or no information available on the platform. VDH differs from the exchanges as it delivers a mobile friendly experience with an ease of use that is unmatched by the exchanges. Additionally, exchanges focus on Institutional volume and not the retail consumer and experience. Voyager's agency brokerage platform searches multiple exchanges for best execution.

The competitive landscape also includes traditional payment and online brokers such as Robinhood, Sofi Invest, Square, and most recently Paypal, which announced a basic cryptocurrency offering. The Company has a competitive advantage versus the traditional players as the Company delivers 50+ coins while the traditional players offer five or less, interest on 24 coins where the traditional players offer no interest, and the Company offers customers the ability to transfer coins to their own wallet which the traditional players do not offer.

## **Trading of Cryptocurrencies**

The demand for cryptocurrencies has increased over the past year as cryptocurrencies have become more widely accepted. Customers expect to be able to utilize more efficient and better infrastructures to support the trading of cryptocurrencies. Voyager's platform solves many of the problems facing people or institutions that trade cryptocurrencies, including that:

- the market is highly fragmented, with more than 200 exchanges facilitating trading of cryptocurrencies;
- there is no centralized place or service in which to trade, which means that users often have to open accounts with multiple exchanges in order to make the trades they desire on coins they desire; and

- many of the top tier retail customer exchanges lack a cost-effective fiat on-ramp and off-ramp for customers to turn dollars into digital assets via a secure banking provider.

Customers are demanding a one stop shop where they can trade, earn interest and invest in cryptocurrencies. Voyager provides consumers with the platform to fill this gap and create wealth for consumers.

## **Capital Resources, Liquidity, Financial Instruments and Other Risks**

### **Capital Resources**

As of December 31, 2020, the Company had cash of \$3.0 million compared with \$3.6 million at June 30, 2020. Additionally, the Company had approximately \$22.7 million of USDC deposits included in "Digital currencies and fiat" on the statement of financial position as of December 31, 2020.

The unaudited condensed consolidated financial statements have been prepared on a going concern basis, which presumes realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. These unaudited condensed consolidated financial statements do not give effect to adjustments or disclosures that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those presented in these unaudited condensed consolidated financial statements.

The Company has historically funded its operations through the issuance of common stock. The Company does not currently generate sufficient revenue to sustain operations without outside third-party financing.

The Company expects to continue to incur operating losses for the foreseeable future as it expands its product offering and invests in expanding its customer account base, which would require additional third party financing. Management believes that it has sufficient working capital on hand to fund operations through at least the next twelve months from the date these consolidated financial statements were available to be issued.

The Company's future liquidity and capital funding requirements will depend on numerous factors including its ability to raise additional funds to finance its growth and operations, planned development and expenditures through additional equity offerings and through revenue generated from ongoing operations. Failure to implement the Company's business plan could have a material adverse effect on the Company's financial condition and/or financial performance. There can be no assurance that the Company will be successful in generating sufficient revenue from operations, acquiring additional funding, that the Company's projections of its future working capital needs will prove accurate, or that any additional funding would be sufficient to continue operations in future years.

The recent outbreak of the coronavirus, also known as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have affected economies and financial markets around the world resulting in an economic slowdown. The extent to which COVID-19 may impact the Company's business activities will depend on future developments, such as duration of the outbreak, travel restrictions, business disruptions and the effectiveness of actions taken to contain and treat the disease. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments as well as the impact on the Company's ability to raise capital or financial results and condition of the Company in future periods.

### **Working Capital**

As of December 31, 2020, the Company had net working capital of approximately \$ 0.6 million compared to \$0.2 million at June 30, 2020. Management has funded operations through a mix of revenue growth, cost management, equity raises, and U.S. Payment Protection Loans ("PPP").

Cash used in operating activities for the six months ended December 31, 2020 was \$6.1 million compared to cash used for operating activities of \$2.7 million for the six months ended December 31, 2019. The \$3.4 million increase was due to a \$4.2 million change in working capital, primarily due to net changes between Payables to customers and Digital currencies and fiat as a result of higher volume of activity and assets under management from growth in the business. The Company recorded cash provided from investing activities of \$87,960 for the six months ended December 31, 2020 compared to cash used in investing activities of \$90,824 in the six months ended December 31, 2019.

Net cash provided by financing activities was \$12.1 million for the six months ended December 31, 2020 compared with \$2.3 million for the six months ended December 31, 2019. The primary sources of cash for the six months ended December 31, 2020 were the September 2020 private placement, the December 2020 private placement and the exercising of warrants. In the three months ended September 30, 2019, the primary source of cash provided by financing activities was the issuance of common stock and warrants of \$1.8 million.

### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company generally relies on cash reserves, funds generated from operations and external financing to provide sufficient liquidity to meet budgeted operating requirements.

To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity. The Company's ability to continue as a going concern is dependent on the Company's ability to generate future profitable operations and cash flows and/or management's ability to raise additional financing.

While the Company has been successful in raising capital in the past, and management has a high degree of confidence that this trend of capital raising will continue, there is no assurance that it will be successful in closing further financings in the future. These interim financial statements do not give effect to any adjustments to the carrying value of recorded assets and liabilities, revenue and expenses, the statement of financial position classifications used, and disclosures that might be necessary should the Company be unable to continue as a going concern.

The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities, as applicable. Management and the Board are actively involved in the review, planning and approval of significant expenditures and commitments. Currently, the Company is not exposed to significant liquidity risk.

### **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on digital currencies held or loaned out to custodians and on its cash held in bank accounts, if applicable. For digital currencies held or loaned out to custodians, the risk is managed through a management review and approval process for each counterparty, where such factors as collateral monitoring, loan history, credit worthiness, internal control processes and security measures, and management assessments. For cash held in bank accounts, this risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. As of December 31, 2020, the Company is not exposed to significant credit risk.

### **Interest rate risk**

The Company is not currently exposed to significant interest rate risk.

### **Foreign exchange risk**

The Company's functional currency and the reporting currency is the US dollar. Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the period. The Company is not currently exposed to significant foreign exchange risk.

### **Digital assets and market risks**

The Company invests in digital assets which may be subject to significant changes in value. The Company monitors this risk on a daily, weekly and monthly basis. The amount of investment in digital assets is small and thus the Company is not currently exposed to significant Digital Asset risk.

### **Off Balance Sheet Arrangements**

As of December 31, 2020, the Company did not have any off-balance sheet arrangements.

### **Commitments and Contingencies**

There were no commitments or contingencies, expected or unexpected events, or uncertainties that materially affected the Company's operations, liquidity or capital resources in the interim period ended December 31, 2020, or that are reasonably likely to have a material effect going forward; save and except for the uncertainty pertaining to the Company being able to raise any financing on terms acceptable to it, or at all.

### **Use of Funds**

There are no significant changes from disclosure previously made about how the Company was going to use proceeds from any financing.

### **Related Party Transactions**

There are no significant transactions between the Company and related parties that occurred in the interim period ended December 31, 2020, or that were materially different from the related party transactions that occurred during the fiscal year ended June 30, 2020. There was no material change in the amount of remuneration paid to directors and senior officers from that disclosed in the Annual MD&A. For the six months ended December 31, 2020, the Company expensed:

- \$17,139 (six months ended December 31, 2019 - \$21,287) to Marrelli Support Services Inc. for providing accounting services and services of Vic Hugo as the previous Chief Financial Officer of the Company.
- \$35,576 (six months ended December 31, 2019 - \$38,422) to Owen Bird Law Corporation for legal services. Jeff Lightfoot, a director of the Company, is a shareholder in the law firm.